

Name of Committee: Override Study Committee

Meeting Date: February 26, 2014

Time: 6:00 p.m.

Meeting Location: Town Hall- 5<sup>th</sup> Floor School Committee Room

Members Present:

	Clifford Brown	X	Kevin Lang		Beth Jackson Stram
X	Alberto Chang	Via telephone	Carol Levin	X	Timothy Sullivan
X	Chad Ellis	X	Sergio Modigliani	X	Ann Connolly Tolkoff
X	Janet Gelbart	X	Lee Selwyn	X	Dick Benka – Co-Chair
X	Michael Glover		Lisa Serafin Sheehan	X	Susan Wolf Ditzkoff – Co-Chair
X	Carol Kamin	X	James Stergios		

Staff Present: Melissa Goff, Assistant Town Administrator; Peter Rowe, Deputy Superintendent for Administration and Finance

Topic: Approval of minutes

Dick Benka began the meeting by informing the Committee that Carol Levin would be participating remotely due to personal illness. She has been given all materials in advance of the meeting, and all votes will be taken by roll call.

On motion the minutes of 1/29/14 were approved with one abstention.

Roll Call Vote

Alberto Chang – Aye

Janet Gelbart – Aye

Michael Glover – Aye

Carol Kamin – Abstain

Kevin Lang – Aye

Carol Levin – Aye

Sergio Modigliani – Aye

James Stergios – Aye

Timothy Sullivan – Aye

Ann Connolly Tolkoff – Aye

On motion the minutes of 2/10/14 were approved with two abstentions.

Roll Call Vote

Alberto Chang – Aye

Janet Gelbart – Aye

Michael Glover – Aye

Carol Kamin – Aye

Kevin Lang – Aye

Carol Levin – Abstain

Sergio Modigliani – Aye

James Stergios – Aye  
Timothy Sullivan – Aye  
Ann Connolly Tolkoff – Abstain

On motion the minutes of 2/12/14 were approved with four abstentions.

Roll Call Vote

Alberto Chang – Aye  
Janet Gelbart – Aye  
Michael Glover – Aye  
Carol Kamin – Aye  
Kevin Lang – Aye  
Carol Levin – Abstain  
Sergio Modigliani – Abstain  
James Stergios – Abstain  
Timothy Sullivan – Abstain  
Ann Connolly Tolkoff – Aye

Topic: MIT Operations Lab Task Force introduction and work plan

Dick Benka introduced Karl Kulling, Cameron Hosmer, and Scott Bromley, MBA students from the MIT Operations Lab Task Force. The OSC will have their assistance during the spring term, and a list of suggested areas of study has been given to the team for consideration. They should be making their decision on area of focus by the end of the week.

Topic: Fiscal Policies Subcommittee presentation

Kevin Lang presented the report from the Fiscal Policies subcommittee. A copy of the report (Fiscal Policies Report presented 2\_25\_14) can be found here:

[http://www.brooklinema.gov/index.php?option=com\\_docman&Itemid=1797](http://www.brooklinema.gov/index.php?option=com_docman&Itemid=1797)

Kevin said that financing the “pay-as-you-go” portion of the CIP rather than funding it from tax revenues is worth approximately \$150K per year. Tim Sullivan expressed concerns about what impact increasing debt levels would have on the town’s bond rating. Rating agencies don’t typically encourage additional borrowing. Chad Ellis responded that the Town is at the lower end of what rating agencies like to see for level of debt. Kevin added that they look for indebtedness to show investment in capital. Tim said he was concerned with swapping items they are not legally mandated to fund with hard obligations. There is a danger if this is not implemented the right way. He would like to know more about how the OPEB fund is structured and how the money is invested. Lee Selwyn wanted to know why this recommendation is being made when he had a conversation with Sean Cronin about the Lawrence modulars made him think that there was a hesitancy to take on additional debt. Sergio Modigliani said that he thought that may have been more about the timing in order to stay within the budget than debt burden. Tim said he would like to see what the current funding schedule looks like vs. what is being proposed. He asked if this change would offset value somewhere else. He said he thinks that they should also look at ways to reduce the liability. Susan Wolf Ditkoff asked if OPEBs was the example or the recommendation of where the \$3M could be devoted. Kevin said it was the example. Lee speculated that the State may provide a bail out at some point and wondered if

they were shooting themselves in the foot. Sergio asked why this couldn't be used for additional capital. Kevin responded that he didn't think that it provided enough for a major capital project. Chad said that they are recommending OPEBs because it is a self-contained package and less tempting to mispend. Lee asked if this had any impact on the number for a debt service override. Kevin responded that it is neutral because they are spending the same amount of money. Tim said he thinks they should have the information on the way the money is invested before making a decision. Lee asked what Sean thought of the proposal. Chad said that he was hesitant at first, but has changed his outlook. Lee asked how this connects to the override. Kevin responded that 10-15 years from now the debt pressure is slightly reduced. He would like to see the OSC either accept the subcommittee report or vote on recommendations next week.

The Committee discussed the level principal vs. level debt proposal. Some members said that they wanted a better understanding of Sean Cronin's opinion on the proposal. Sergio asked how the rating agencies would react. The Committee discussed what might be needed from the subcommittee in order to conclude their work. Dick said it would be helpful to quantify some of their recommendations, where possible. Carol Levin said that their report was structured in a similar manner as the FPRC report was done. In two weeks they will come back to the OSC with more of a structured vote.

Topic: Pensions & Benefits Subcommittee presentation

Janet Gelbart presented the recommendation of the Pensions & Benefits subcommittee. Jim Stergios asked about the level of incentive needed to encourage employees to switch to lower cost plans. Janet said that they can't direct employees to specific plans, but they can talk about the costs. The committee discussed the employee/employer splits. More information on other communities would be helpful. Janet said that being under section 19 makes it more restrictive for the Town. Dick asked about the 2008 OSC recommendation on total compensation not exceeding 3.75%. Janet said that the subcommittee's focus was on benefits, not wages. Janet said that she would need some time to summarize their findings in the form of a vote. She said that OPEBS are the least sustainable part of municipal government. Alberto Chang said it would be helpful to understand the ease of implementation for each recommendation. Tim said that it would be good to have the performance of the pension fund compared to the State. Janet will have something prepared mid-late March.

Topic: Scheduling of March Full Committee Meetings

The Committee agreed to move their start time to 7PM so that the School Subcommittee could meet before the full OSC. The full OSC will not meet next week in order to allow the subcommittees to work on their presentations.

The meeting adjourned at 8PM.